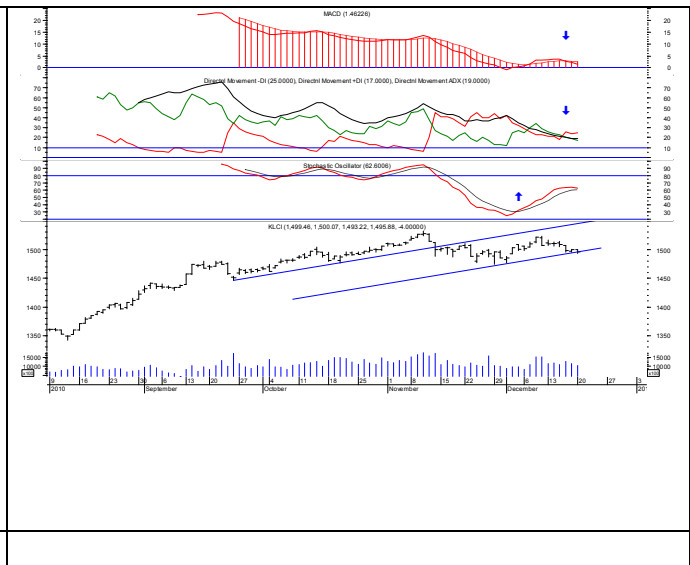


Technical Analysis – Daily FBM KLCI

	20/12/2010	17/12/2010
Open	1,499.46	1,497.24
High	1,500.07	1,500.80
Low	1,493.22	1,495.20
Close	1,495.88	1,499.88
Volume	1,045.8 m	1,139.3 m
Market Breadth		
Up	251	413
Down	503	315
Unchanged	278	303
Indicators		
MACD	Sell	Sell
DM Index	Sell	sell
Stochastics	buy	buy



1,490 level must hold on close basis

Market Commentary :

Shrugged off by encouraging economic signs and tax cut package to loft economic growth, DJIA had on 20/12/2010 lost **7.34** points to close at **11,491.91**.

The single-digit loss in Wall Street did not send an immediate negative effect to Bursa Malaysia in the opening bell on 20/12/2010, FBM KLCI traded to a day high of **1,500.07** as traders were seen not in a hurry to stage a follow thru buying game. In the absence of stronger buying support at **1,500.07**, renewed selling interest rolled in, this pushed stock index lower to **1,493.22** before settled at **1,495.88**.

The **drop** of **4.00** point(s) in FBM KLCI was attributed to **selling** pressure in blue-chip counters such as **GenM** (down RM0.09 to RM3.26), **Sime Darby** (down RM0.05 to RM8.70), **Public Bank** (down RM0.02 to RM12.78), **Hong Leong Bank** (down RM0.10 to RM9.30) and **KLK** (down RM0.06 to RM20.82).

What was the chart saying

Market went lower yesterday (20/12/2010) despite the up close last Friday, this posed a surprise to some traders as the market on 17/12/2010 was seen positioned ready to pave an upward path on 20/12/2010. **What seemed to have gone wrong ?** One reason that I would think of was the reluctance on the part of traders to chase the market, and the single day up close factor was not sufficient to attract traders into buying something which they can afford to wait for a lower market level in order to profit more.

Ladies & gentlemen, the downside breakout of 1,500 level on 16/12/2010 carried reasonable amount of significance in trading psychology as too many eyes have been focusing on that level, traders and investors were basically curious about the sustainability power of this market at 1,500 level. Bullish traders were hoping to see the stock index to keep its footing here without rocking the

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sentiment built this while with bearish traders on the other hand cautiously waiting for the market to develop into a bearish pattern.

Given what happened on 20/12/2010, what would the market do next ? A small sideways platform between 2 - 4 days may likely be formed; but, it is believed that the selling pressure to remain in place waiting for the next market timing to hit again.

What was the basis into this belief of seeing a lower market ? IF you had been tracking the market closely in the past 3 days (13/12/2010 – 15/12/2010), you would have noticed that the stock index in those days mentioned was pulled up on last minute buying of selective blue chip stock to register an up close, and this did not reflect the true buying power of the market. That's what the reason to why the market was easily succumbed to renewed selling pressure after making some gains in the early session of the trading days. **What did it imply ?** This indicated the unwillingness on the part of traders to commit on buying side at this juncture, and the fall below 1,510 level quickly translated into profit taking activity.

Ladies & gentlemen, the 2nd consecutive day of downside violation of 1,510 level on 13/12/2010 could have acted as the initial sign of a topping market at 1,531.99. Of course, more technical evidences are needed to confirm; for example, the failure to protect 1,490 level decisively and a convincing low below 1,474 level.

What were the strong hands doing

A check of internal market strength on 20/12/2010 showed that buying strength weakened with strong hand(s) seen disposing a portion of buying positions, and the net number of stock positions acquired on 17/12/2010 & 20/12/2010 was about 4% what was liquidated between 9/12/2010 and 16/12/2010 compared to 23% in the preceding day.

Conclusion :

Market outlook remained friendly as KLCI was still trading above 50-day MA with key market support level pegged at 1,490.

The analysis of overall daily market action(s) on 20/12/2010 revealed that buying power(s) was weaker compared to selling pressure(s), FBM KLCI would thus likely to trade below 1,493.22.